



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0295960

THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Cecile Hanna – Legal Examiner

REVIEWED BY: John Dodson – Legal Examiner

HEARING DATE: April 30, 2015
RECORD CLOSED: May 26, 2015
SUBMISSION DATE: August 12, 2015
CONFERENCE DATE: August 25, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

George Neale
Becky Lackey
Don Burris

Pioneer Nat'l. Res. USA, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pioneer Natural Resources USA, Inc ("Pioneer") was the only party at the hearing. The application is unprotested and the Examiners recommend that it be approved, as requested by Pioneer.

Pursuant to 16 Tex. Admin. Code §3.32, Pioneer seeks an exception to flare casing-head gas from the following: (1) Woody -K- (Lease No. 27371), Woody -J- (Lease No. 27373), Woody, Inez "B" (Lease No. 38144), Woody, Inez "C" (Lease No. 38179) Leases ("Subject Leases"). Pioneer requests to vent or flare up to 225 MCFGD (MCFGD represents 1,000 cubic feet of gas per day) from the Subject Leases at a consolidated vent/flare point named the Woody IJK Consol. Meter for a period of two years, beginning on March 31, 2015.

On April 2, 2015, the Commission issued a Notice of Hearing ("NOH") for the subject application to the Service List created by Pioneer.

On May 26, 2015, Pioneer submitted late filed Exhibit Nos. 7 and 8, closing the record for this case.

DISCUSSION OF THE EVIDENCE

16 Tex. Admin. Code §3.32 ("SWR 32") governs flaring of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Mr. Don Burris and Ms. Becky Lackey testified on behalf Pioneer. Mr. Burris is employed at Pioneer as a Supervisor of Downstream Planning and Ms. Lackey is employed with Pioneer as a Engineering Tech. All operators that immediately offset the Subject Leases were provided notice and an opportunity to participate in the hearing.

Pioneer submitted a simplified copy of the April 2015 Oil Proration Schedule that included only Pioneer's wells pertinent to the subject application.¹ In all, the subject application includes roughly 14 oil wells ("Subject Wells").

With regard to casinghead gas production, the Subject Leases are plumbed to a single flare point that is referred to as the Woody IJK Consol Meter. Pioneer received 180 days of administrative authority to vent or flare a maximum of 275 MCFGD at the Woody IJK Consol. Meter from October 1, 2014, through March 30, 2015 (Permit No. 19320).² By letter dated March 13, 2015, Pioneer submitted its hearing request for the captioned docket.

Ms. Lackey testified that the daily casinghead gas volumes vented at the Woody IJK Consol. Meter ranged from 0 and 205 MCFG between March 1st and April 22, 2015.³ She testified that the cumulative average of casinghead gas vented from the Woody IJK Consol. Meter is roughly 85 MCFGD, although the daily casinghead production volumes vary.

Pioneer is undertaking efforts to build new pipeline infrastructure to mitigate the loss of casinghead gas from the Subject Leases through venting or flaring from at the Woody IJK Consol. Meter. Ms. Lackey testified that without approval of the relief sought in the immediate case, Pioneer would be forced to shut-in the Subject Wells, resulting in a potential loss of recoverable reserves from the Spraberry (Trend Area) Field. She testified that the cumulative remaining recoverable reserves from the Subject Leases is approximately 1,350 million barrels of oil equivalent.⁴

¹ Pioneer Exh. No. 2.

² Pioneer Exh. No. 3.

³ Pioneer Exh. No. 4.

⁴ Compare testimony at 6:00 and 8:30 of audio recording with Pioneer Exh. Nos. 5 and 6.

FINDINGS OF FACT

1. Pioneer Natural Resources USA, Inc ("Pioneer") seeks an exception to flare casing-head gas derived from oil wells completed in the Spraberry (Trend Area) Field, Martin County, Texas, from the following leases: (1) Woody -K- (Lease No. 27371), Woody -J- (Lease No. 27373), Woody, Inez "B" (Lease No. 38144), Woody, Inez "C" (Lease No. 38179) Leases ("Subject Leases").
2. On March 13, 2015, Pioneer submitted its request for a hearing on the merits for the subject application.
 - a. On April 2, 2015, Notice of Hearing was issued by the Commission for the subject application.
 - b. Notice of the subject application was provided to all operators that immediately offset the Subject Leases.
3. Pioneer requests to vent or flare up to 225 MCFGD (MCFGD represents 1,000 cubic feet of gas per day) from the Subject Leases at a consolidated vent/flare point named the Woody IJK Consol. Meter for a period of two years, beginning on March 31, 2015.
4. Pioneer received 180 days of administrative authority to vent or flare a maximum of 275 MCFGD at the Woody IJK Consol. Meter from October 1, 2014, through March 30, 2015 (Permit No. 19320).
5. The 180-day administrative vent/flare authority for Permit No. 19320 expired on March 30, 2015.
6. The Subject Leases are plumbed to a single flare point that is referred to as the Woody IJK Consol Meter.
7. Approval of the subject application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32(h).

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas – Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to collectively flare or vent up to 225 MCFGD of casing-head gas derived from the Spraberry (Trend Area) Field, Martin County, Texas at the Subject Leases for a period of two years satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission grant an exception to flare or vent up to 225 MCFGD of casing-head gas from the Subject Leases, located in the Spraberry (Trend Area) Field, Martin County, Texas, for a period of two years at the Woody IJK Consol. Meter.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



John Dodson
Legal Examiner